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Westfield Minerals Limited

Twelfth Annual Report

December 31, 1967

WESTFIELD MINERALS LIMITED

Head Office

Suite 3100, 25 King Street West
Toronto 1, Ontario, Canada

Officers

T. LINDSLEY, *Chairman of the Board*
J. M. CUNNINGHAM-DUNLOP, *President*
W. C. MARTIN, *Vice-President*
C. C. D. PRINGLE, *Secretary*
A. M. MACKENZIE, *Assistant Secretary*

Directors

J. M. CUNNINGHAM-DUNLOP
E. A. HART
C. G. HOLMQUIST
L. J. LICHTY
T. LINDSLEY
W. C. MARTIN
G. W. TOWER

Transfer Agents and Registrars

CROWN TRUST COMPANY
302 Bay Street
Toronto, Canada

Bankers

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Canada

Auditors

CLARKSON, GORDON & Co.
Toronto, Canada

Annual Meeting of Shareholders

Tuesday, August 6, 1968
11:00 a.m. (Toronto Time)
At the Head Office
25 King Street West, Toronto, Canada

WESTFIELD MINERALS LIMITED

REPORT OF THE DIRECTORS

Your Directors submit herewith the Annual Report of your Company for the year ended December 31, 1967, together with Financial Statement for the year, Auditors' Report thereon, explanatory notes to the Balance Sheet and comments on the first four months of 1968.

Mr. T. Lindsley, the originator of your Company and the very large shareholder, was disabled by an accident over a year ago and the loss of his active guidance was greatly missed, but we are happy to announce that he has recovered and will become more active soon.

Years of intense search through experienced exploration knowledge have resulted in the acquisition of mining interests and holdings in France, Canada, Australia and elsewhere. A great deal of research and technical investigation contributed to in North Africa and Europe are considered a latent asset and may bear fruit in the future.

Your Company's main interests, at present, are in France, contained in holdings and planned acquisitions in gold and silver, copper, tungsten and other metals. We see a possibility of those of interest being activated.

Compagnie Centrale de Mines et de Metallurgie de Cheni

Compagnie Centrale de Mines et de Metallurgie de Cheni (Cheni), with head office in Paris and controlled by Silver Eureka Corporation, received advances from Westfield in the amount of \$363,000 U.S. to enable it to provide money for its 100% owned gold and silver potentialities near the city of Limoges, central France, and to pay up amounts due on a purchase of shares in the gold mining and smelting enterprise, "Société des Mines et Produits Chimiques de Salsigne", located near Carcassonne, southern France.

Monies advanced to Cheni are under inter-company agreements to acquire Cheni shares.

When the present capital of Cheni of 152,000 shares is increased to 200,000 shares (35 Francs par per share plus a premium of 5 Francs) in June, 1968, Westfield will have a 14% interest, and Cheni, by having completed its present purchase of Salsigne shares will have raised its interest to 49.26%, and with options it holds and a contribution of Salsigne shares from the Banque de L'Indochine will be in a position to increase its interest to 54.88% in Salsigne.

When the capitalization of Cheni is subsequently increased to a larger capitalization of 300,000 shares, to create shares to retire advances from Westfield, Silver Eureka Corporation and a proportionate participation by the large French bank, the Banque de L'Indochine, Westfield's interest will be a minimum of 23%.

Gold from the Limoges Area in Central France

Cheni is the owner of four mining concessions about twenty miles from Limoges in central France which produced some eight tons of gold from 665,000 tons of ore mined to a depth of 750 feet, before it was closed down by Free French Resistance Forces during World War II. This is a recovery of about 0.4 oz. gold per ton, and a thorough sampling of their tailings dump indicates that a further 0.1 oz. gold per ton is recoverable. Cheni has also a "Permis de Recherche" on an adjacent property known as Lecuras.

These properties cover a large area where many of the Roman workings for gold are located. The Romans began about 100 B.C. digging trenches along quartz veins which probably protruded above the local soils. They dug down as much as 50 feet or until they were stopped by the water table. Some of their trenches were over 1,000 feet long. The vein material was ground in granite mortars and the coarse free gold was extracted. Their tailings were mostly stacked beside the trenches.

Some of the Roman workings were explored and mined underground before World War II but little systematic diamond drilling with modern techniques was attempted. Cheni recently drilled three holes under the Roman workings known as Lecuras with the following results:

Hole No. 1 — 0.38 oz. gold per ton over 8.9 feet and
1.25 oz. gold per ton over 0.33 feet.
Hole No. 2 — 0.24 oz. gold per ton over 0.92 feet.
Hole No. 3 — 0.25 oz. gold per ton over 4.44 feet.

All intersections contained visible gold, making this vein worthy of underground investigation. This work has now been started.

Mining widths on the main Cheni concessions were about 6 feet, the grade of ore was 0.5 oz. gold per ton, and the size of the ore lenses varied from 5,000 to 200,000 tons. Other zones in the area had lenses up to 20,000 tons at 0.5 oz. gold per ton. Some smaller lenses have graded up to 2.0 oz. gold per ton. World War II closed down all the operations.

It would seem possible to develop several operating shafts in the area, and to truck the ore to a central mill. The mill could operate for some time on a mixture of newly mined ore and tailings until sufficient ore was developed. Estimates indicate that such an operation would be profitable at the present price of gold.

Cheni and its associate company, La Petite Faye, own and have in storage nearly all the machinery to equip a 300 ton-per-day mill, on one of the properties at Limoges.

During the year, Cheni tested large samples of ore, obtained from its mineral holdings in central and southern France, in the La Petite Faye plant, near Limoges, and sold the concentrates to Salsigne to defray operating expenses, in the form of performing government work requirements to hold the large concessions under "Permis des Recherches."

An electric power line was brought into the Lecuras property, within the Cheni acreage. A three-compartment shaft, suitable for medium tonnage production and development, was sunk to a depth of 60 feet towards a preliminary attainment of 300 feet and a second three-compartment shaft, of the same size, is to be started, at an old circular site, on the Cheni concession, "Nouzilleras."

Nickel from Lateritic Ores

An associate company, La Petite Faye, owns fifteen mining concessions in New Caledonia, covering 1,342 hectares in an area of known nickel-cobalt laterite ores, and Cheni will be permitted to participate in this development. The Lindsley Group also owns and expects to use U.S. patent No. 3,130,043 and equivalent French patent No. 1,389,388, which is a heap leaching technique for the recovery of nickel from laterite ores, in this undertaking. Other patents are in the course of application. This technique is analogous to the copper leaching method in wide use throughout the world.

An orderly development of the nickel leaching technique and the exploitation of the nickel deposits on the New Caledonia concessions is being planned. It has been estimated that cathode nickel can be produced at very competitive costs.

Mines de Cuivre de Corbieres

Mines de Cuivre de Corbieres owns a concession just acquired, and wholly paid for by Cheni, seventy miles from Salsigne. The workings contain a possible tonnage of copper-silver mineralization (tetrahedrite) in quartz and barites. Sampling, so far, indicates that a grade of .3 to 1% Cu and 5 to 7 oz. Ag could be mined by open cut selective methods.

It has not been possible to include an audited Cheni balance sheet with this report because of the inability of the auditors in France to turn it out at this time.

Société des Mines et Produits Chimiques de Salsigne

The Société des Mines et Produits Chimiques de Salsigne (Salsigne) completed a satisfactory year of operations in 1967. After taking advantage of very heavy capital write-offs for tax purposes, the operation will show a modest net profit. Estimated ore reserves were increased during the year from 1,388,000 tons to 1,771,000 tons grading 0.44 oz. gold per ton (this grade may vary upwards or downwards under operating conditions), plus other recoverable values in silver, copper, arsenic, bismuth and sulphuric acid. Planned

additions and improvements in the smelter, together with stepped up mine development which, when completed in the fall of 1968, should allow the Company to do better in subsequent periods. The ore potential of the mine, and in the large acreage which surrounds the mine, is good.

At the end of 1966 and through early 1967, general arrangement drawings of a converter circuit installation were completed and approved; equipment bids were received and recommendations made by Wright Engineers Limited of Vancouver, Canada.

The converter installation and blast furnace combination, with the oxygen plant now being added, supporting each, as circumstances warranted, would give Salsigne a plant competitive with any in the world and superior to many, for the smelting of our Salsigne type of ore, together with copper concentrates that might be brought in.

Compagnie Minière de Montredon

Compagnie Minière de Montredon is a wholly-owned subsidiary of the Société des Mines et Produits Chimiques de Salsigne, near the city of Albi, in southwestern France, 75 kilometers north of Salsigne, holding mining rights on a deposit of tungsten ore in the form of a "Permis d'Exploitation," just being renewed.

The property consists of 420 acres, serviced by electric power, estimated by Salsigne geologists to contain a minimum potential of 1,000,000 tons, grading from .5 to 1.0% WO₃, suggesting a 400 ton-per-day operation when more drilling substantiates the tonnage figure.

Westfield Minerals (W.A.) N.L.

Westfield acquired 32,400 more shares in Westfield Minerals (W.A.) N.L. for \$A.16,200. In this transaction we did not exercise our full rights and our holdings as of December 31, 1967, had been reduced to 43% in the venture.

In addition to the funds to acquire shares of Westfield Minerals (W.A.) N.L. your Company also advanced \$A.20,000 for the development of the Whundo Joint Venture. Your Company now has an 80% participating interest in this effort. Westfield, as of this date (May 23rd, 1968) owns 707,400 shares of Westfield Minerals (W.A.) N.L., which is approximately 40% of the outstanding shares.

Dr. D. R. Derry, geologist in charge and President of Westfield Minerals (W.A.) N.L. in describing this concern's activities, explains that this Company is engaged in exploring a large acreage southeast of the Western Mining Company's Kambalda nickel mine. Westfield Minerals (W.A.) N.L. claims cover favourable geology and some claims adjoin the southeasterly portion of the Western Mining's block of claims. Currently, geophysical work is being carried on and diamond drilling is expected to commence in the near future.

Activities in the north included some additional work on the Whundo Lease and surrounding Temporary Reserve.

A program of drilling, following geochemical and I.P. anomalies on Carlow Castle, failed to show commercial values, and this has been dropped.

The interest in Whundo is being held with the possibility of a small scale operation to recover the known lens of high-grade copper ore.

Work in the Kalgoorlie area was started early in 1967 by investigating areas, outside the immediate discoveries, where Government magnetic maps showed anomalies that might indicate the same Serpentine formation with which nickel mineralization at Kambalda is associated. A Joint Venture was formed on this project in which two of the shareholding companies of Westfield (W.A.), Consolidated Mines Selection and Freeport of Australia Inc., agreed to provide the funds. Westfield (W.A.) itself is carried to the extent of 20%, which interest would be reduced if and when a new company was formed and finances arranged. Four groups of claims were acquired by pegging during 1967, two of these being north of Kalgoorlie and the other two in the area south and east of Kambalda. One group, known as Parker Hill, is within two miles of the St. Ives discovery by Western Mining. A program of soil sampling by auger or percussion drill and induced polarization is now in progress.

Whim Creek Consolidated N.L.

A sum of \$144,526 was advanced for work on the Whim Creek Consolidated N.L. mine property to confirm and enlarge tonnage estimates and ore outlines previously anticipated. In December, 1967, a final

payment of \$57,437 was made to the vendors of the mine, including the Mons Cupri property and some mining claims adjacent to both these areas. Thus, the option to buy Northfield's 100% interest in Whim Creek, which had been extended to December 31, 1967, was exercised, and instructions have been given to cause 500,000 shares of the capital stock of Westfield Minerals Limited to be issued to Northfield Mines, Inc. to complete the transaction. Your Company, through ownership of Whim Creek Consolidated N.L., now possesses these concessions which, of course, are subject to certain work requirements by the Western Australian government.

At the moment of writing this Report, Westfield can announce that a portion of the properties owned by Whim Creek Consolidated N.L., and the Temporary Reserve which surrounds them, including the Mons Cupri mine, has been optioned to a large mining company through its Australian subsidiary exploration company. This agreement involves a small down payment, a commitment of \$50,000 to be spent on exploration during the next seven months and, if the work is encouraging, a further \$100,000 each six months may be expended thereafter to the extent of \$400,000. If it is decided to continue, Whim Creek Consolidated N.L. would receive a payment of \$1,000,000 for an 85% interest and a provision that the Australian subsidiary exploration company will supply all funds to bring any economic ore body found on the property into production through the milling stage. Of these funds \$4,000,000 will be equity and the balance interest-bearing debt repayable out of first production, after repayment of 85% to the Australian subsidiary exploration company and 15% to Whim Creek.

This option agreement does not apply to or have anything to do with the Whim Creek mine itself.

Whim Creek Mine

A program of rotary and diamond drilling was carried out in 1967 which roughly doubled the oxide ore reserves. Closer drilling is required to confirm the estimate but there are probably 200,000 tons of oxide ore grading between 4% and 5% copper, or alternatively, 600,000 tons of probable and possible ore grading 2% copper.

Two out of five diamond drill holes put down in the sulphide zone below the oxide ore indicated the presence of good grade ore. D.H. 67-1 cut 12.7 feet grading 7.9% copper and 10.0% zinc, D.H. 67-6 cut 20 feet averaging 4.5% copper with low-grade zinc values. Low gold and silver values are present. No tonnage estimate is possible without further drilling and underground assessment. Engineers have been engaged to assess the sulphide ore below the oxide ore.

To provide funds for the Australian interests (described in the preceding paragraphs), and the Cheni investments in France, your Company sold all but 5,000 of the free and escrowed shares of Gortdrum Mines Limited, in blocks, at an average price of \$2.30 per share. Your Directors favoured commitments in France due to intense world interest in gold, and the evidence of an increase in the price of gold to take place, and the favourable costs and climate for the metal in that country. Your Company's remaining interest in Gortdrum is through Fort Reliance, which Company owns a substantial block of shares.

Westfield Porcupine Gold Claims

(Former Coniaurum Property next to McIntyre Porcupine Mines Limited)

McIntyre Porcupine Mines Limited has, under an agreement with your Company, followed downward its eastward plunging copper ore zone from the boundary pillar into Westfield ground, a distance of 500 feet from the boundary.

Approximately 400,000 tons of probable and possible ore has been developed by McIntyre on the Westfield side of the boundary. The ore grades 0.63% copper and close to 0.03 oz. gold. The ore passes on to Westfield property between the 3250 foot and 3750 foot levels off No. 2 winze. Below the 3750 foot level the ore mineralization appears to narrow down in width and length. The grade also weakens. Drilling on the 5000 foot and 5500 foot levels, on the projected downward extension of the McIntyre copper zone, has indicated in widely spaced holes the presence of copper mineralization. Close drilling in the copper bearing zone from the 3750 foot level down to the 5500 foot level might reveal commercial copper ore shoots.

Equipping the mine to carry on exploration for copper ore alone, however, would not be worthwhile. At the present price of gold, the gold ore possibilities are not attractive, but structurally the mine is located on the downward plunge of McIntyre's vein systems and porphyries. Some of these need careful reassessment for both gold and copper on the Westfield side of the boundary, in the event of an appreciably better price for gold.

Vestgron Mines Limited

Your Company's interest in Vestgron Mines Limited was maintained during the year at approximately 16%. At year-end, Westfield held 348,512 shares of Vestgron.

The Company's property is located on the west coast of Greenland. Diamond drilling carried out in 1967 is reported to have indicated 2,523,000 tons of about 20% combined zinc-lead. The possibility of increasing the tonnage with further drilling appears promising. The deposit is well located beside a fiord with deep water close by.

North West Territories, Canada

Since the intense interest that has developed in the Coppermine Area, along the continental shelf, of the North West Territories, and with the prospect of much cheaper freight to Great Bear Lake, your Company's interest in its Hunter Bay copper property has revived. The Hunter Bay claims involve the old Sloan discovery, disclosed in 1958, written up in the papers at the time, and sensationalized by the fact that the immediate shore of the lake, near the discovery, was heaped by rich copper float for some considerable distance.

The claims were originally acquired by Mr. Lindsley and turned into your Company, and are located in the northeast corner of Great Bear Lake. The property is underlain by Precambrian volcanics and granite cut by giant quartz veins. On Hunter Bay, a quartz vein about 60 feet wide, one of the family of veins located, was found to contain massive sulphide ore.

Some very preliminary, scattered drilling, performed by Panamerican Ventures Limited in 1957, indicated at least 100,000 tons of 8.4% copper ore, suggesting ore extending to 275 feet in depth and mineralization, much deeper, over a width of 24 to 53 feet.

Baffinland Iron Mines Limited

Due to generally unfavourable financial conditions this Company is postponing production of iron ore until the economic situation becomes more settled.

Duport Mining Company Limited

District of Kenora, Ontario

This Company owns a gold property at Shoal Lake. The ore potential is believed to be about 400,000 tons of ore grading 0.40 oz. gold per ton. Due to the erratic and lenticular nature of the ore shoots it is not possible to make a firm ore estimate.

Héré Fault Copper Limited

This property is located in the Noranda Area between the properties of Powell Rouyn Mines Limited and Lake Dufault Mines Limited.

The property is currently under option to Kennco Explorations, (Canada) Limited, along with the Ribago, Despina, Conmar and other properties which adjoin to the west.

The Héré Fault property includes a former gold mine which produced \$1,221,013 from 145,767 tons of ore. Sulphide mineralization containing copper occurs in dikes and in wall rocks over a considerable area, but not in sufficient concentration to be of economic importance. The possibilities below a depth of 1,000 feet remain largely untested.

Rennie Zinc-Silver Prospect

In Rennie Township, district of Sudbury, the Company owns unpatented mining claims covering a small sulphide ore shoot 350 feet long, 4.3 feet wide, averaging 14.8% zinc and 10.6 oz. silver over 4.3 feet. Low copper and lead values are present.

The above ore shoot lies in a zone of pyritic sericite schists over 1,200 feet wide and traced for a length of about 5,000 feet. It is felt that this wide zone should contain other lenses of ore sulphides and on account of the attractive silver values, the property is deserving of further investigation by surface work, geophysics and diamond drilling.

On Behalf of the Board,

J. M. CUNNINGHAM-DUNLOP,
President.

Toronto, Ontario, Canada,
May 23rd, 1968.

WESTFIELD MINERALS LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
WESTFIELD MINERALS LIMITED:

We have examined the balance sheet of Westfield Minerals Limited as at December 31, 1967 and the statements of profit and loss and deficit, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & Co.,
Chartered Accountants.

Toronto, Canada,
June 28, 1968.

WESTFIELD MINERALS LIMITED

(Incorporated under the laws of Canada)

BALANCE SHEET — DECEMBER 31, 1967

ASSETS

CURRENT:

Cash in bank	\$ 231,270
Cash in deposit account	100,000
Accounts receivable	4,398
Prepaid expenses	722
 Total current assets	 336,390

INVESTMENTS, at cost, less amounts written off (statement 4) :

Shares of subsidiary companies (note 1)	54,583
Advances to associated companies (note 2)	539,434
Shares of other companies	606,564

OFFICE FURNITURE AND EQUIPMENT, at cost	9,987
Less accumulated depreciation	7,642

OTHER:

Exploration expenditures carried forward (statement 5)	196,018
 <u>\$1,735,334</u>	

LIABILITIES

CURRENT:

Accounts payable and accrued charges	\$ 22,774
Due to Northfield Mines Inc.	48,930
Provision for contingencies	80,000
 Total current liabilities	 151,704

SHAREHOLDERS' EQUITY (note 3) :

Capital —

Authorized:

150,000 5% non-cumulative, non-participating convertible (redeemable at 102%) preferred shares of the par value of \$7.50 each (less 118,750 shares converted and cancelled)

5,000,000 common shares of the par value of \$.10 each

Issued:

1,250 preferred shares	9,375
3,372,500 common shares	337,250

346,625

2,039,765

2,386,390

802,760

1,583,630

Contributed surplus (statement 2)

Deficit (statement 2)	 \$1,735,334
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See notes to financial statements

On behalf of the Board:

T. LINDSLEY, Director.

J. M. CUNNINGHAM-DUNLOP, Director.

WESTFIELD MINERALS LIMITED

STATEMENTS OF PROFIT AND LOSS AND DEFICIT AND CONTRIBUTED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1967

PROFIT AND LOSS AND DEFICIT

Administrative and general expenses:

Salaries	\$ 15,783
Consultants' fees	19,379
Rent	11,977
Legal and audit fees	13,031
Travelling	2,135
Other administrative expenses (including depreciation — \$998)	20,111
	82,416

Deduct —

Expenses recovered from subsidiary and associated companies	3,175
Miscellaneous income	7,778
	10,953

Loss before the undernoted items 71,463

Amounts written off:

Investments	266,654
Exploration expenditures (statement 5)	28,659
	295,313

Loss before gain on sale of securities 366,776
Gain on sale of securities 938,321

Profit for the year 571,545
Deficit, beginning of year 1,294,305

Transfer to provision for contingencies 722,760
Deficit, end of year \$ 802,760

CONTRIBUTED SURPLUS

Balance at beginning of year	\$2,031,990
Credit arising out of conversion of preferred shares into common shares (note 3)	5,525
Premium on issue of common shares (note 3)	2,250
	\$2,039,765

WESTFIELD MINERALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1967

Funds derived from:

Sale of Securities	\$ 996,805
Expenses recovered from subsidiary and associated companies	3,175
Miscellaneous income	7,778
Issue of 5,000 common shares at 55¢ each (note 3)	2,750
Total funds acquired	1,010,508

Funds applied:

Administrative and general expenses	82,416
Deduct depreciation, a charge included therein not requiring an outlay of funds	998
Advances to associated companies	81,418
Investments in other companies	539,434
Exploration expenditures	130,764
Provision for contingencies	120,056
Total funds applied	80,000
Increase in funds during the year	951,672
Working capital, December 31, 1966	58,836
Working capital, December 31, 1967	125,850
	<u><u>\$ 184,686</u></u>

WESTFIELD MINERALS LIMITED

**STATEMENT OF INVESTMENT IN SUBSIDIARY,
ASSOCIATED, AND OTHER COMPANIES
AS AT DECEMBER 31, 1967**

	Number of shares	Percentage of outstanding capital	Cost less amounts written off
Subsidiary companies:			
Here Fault Copper Limited	350,005	50.7%	\$ 54,582
Other			1
			<u>\$ 54,583</u>
Associated companies (note 2):			
Whim Creek Consolidated Mines N.L. — advances			\$144,526
Compagnie Centrale de Mines et de Metallurgie de Cheni—advances			392,517
Other advances			2,391
			<u>\$539,434</u>
Other companies:			
Baffinland Iron Mines Limited	93,059		\$ 59,245
Duport Mining Company Limited	100,000		20,000
Fort Reliance Minerals Limited	444,141		97,292
Gortdrum Mines Limited	5,000		626
Nahanni Mines Limited	50,000		11,951
Redstone Mines Limited	423,444		42,344
Vestgron Mines Limited	348,512		131,124
Westfield Minerals (W.A.) N.L.	707,400		226,658
Other			17,324
			<u>\$606,564</u>

Except for the items which follow, all investments listed above are either shares in escrow or shares in companies for which no reliable market quotation is available. The exceptions are:

	Quoted market value Dec. 31, 1967
444,141 shares of Fort Reliance Minerals Limited	\$146,567
5,000 shares of Gortdrum Mines Limited	19,250
423,444 shares of Redstone Mines Limited	50,813
Other	24,702
	<u>\$241,332</u>

See notes to financial statements

WESTFIELD MINERALS LIMITED

**STATEMENT OF EXPLORATION EXPENDITURES
CARRIED FORWARD
FOR THE YEAR ENDED DECEMBER 31, 1967**

	Balance December 31, 1966	Additions during the year	Written off during the year	Balance December 31, 1967 (note 5)
General	\$ 10,789		\$ 10,789	
Canada:				
Ontario — Coniaurum	\$ 74,483	(5,464)		\$ 69,019
Quebec — Bell Graphite		1,245	1,245	
— Rennie	17,790	20,756		38,546
— Horne Fault	12,348	294	12,642	
Australia:				
Carlow Castle		6,075	3,238	2,837
Whim Creek		37,201		37,201
Whundo		36,013		36,013
Other		745	745	
France:				
Cheni	12,402			12,402
	<u>\$104,621</u>	<u>\$120,056</u>	<u>\$ 28,659</u>	<u>\$196,018</u>

WESTFIELD MINERALS LIMITED

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1967

1. Subsidiaries

In accordance with Section 121 of the Canada Corporation Act, the following are the details relating to unconsolidated subsidiary companies:

- (a) The investment in one subsidiary company has little or no value and has been written down to \$1.
- (b) The other subsidiary, Here Fault Copper Limited, has not been consolidated in view of the substantial minority interest. The company's investment in Here Fault Copper Limited was written down in 1965 to the amount of its equity in the current assets, thus providing for its portion of the accumulated losses and deferred exploration expenditures to December 31, 1965 in the amount of \$71,221. At December 31, 1967 the investment was written down by a further \$2,000 to reflect Westfield's share of the subsidiary's losses and deferred exploration expenditures for 1966 and 1967.

2. Associated companies

- (a) During 1967, Westfield agreed to acquire the interest of Northfield Mines Inc. in Whim Creek Consolidated Mines N.L., a wholly owned subsidiary of Northfield, in consideration for the issue to Northfield of 500,000 common shares of Westfield. The 500,000 shares of Westfield were allotted to Northfield in January 1968 and were valued by the directors of Westfield at \$423,181 being Northfield's costs in acquiring its interest in Whim Creek.
- (b) The \$392,517 advanced to Compagnie Centrale de Mines et de Metallurgie de Cheni is to be retired through the issue of Cheni shares to Westfield. Subsequent to December 31, 1967 Westfield agreed to subscribe for 28,000 new shares of Cheni at par value of 35 francs per share plus a premium of 5 francs per share, of which 25% of the par value and all of the premium or 13.75 francs per share is payable at the time of subscription and the remaining 75% of the par value is payable when called by the Cheni board of directors. The total cost to Westfield of these 28,000 shares will be approximately \$228,600 U.S. and the first instalment of \$78,600 U.S. was paid on June 5, 1968.

3. Capital

- (a) During 1967 there were the following changes in the company's share capital:
 - (1) 5,000 common shares of a par value of 10¢ each were issued for a total of \$2,750 cash.
 - (2) 850 5% preferred shares of a par value of \$7.50 each were converted into 8,500 common shares of a par value of 10¢ each.
- (b) At December 31, 1967, 1,052,500 shares of the company's capital were reserved as follows:
 - (1) Certain directors of the company held options to purchase 240,000 common shares —
 - 200,000 shares at 39¢ per share exercisable on or before September 18, 1970,
 - 40,000 shares at 55¢ per share exercisable on or before October 9, 1970.
 - (2) 312,500 common shares were reserved for possible issuance upon conversion of 5% preferred shares.
 - (3) As explained in note 2 above, the company has agreed to acquire the interest of Northfield Mines Inc. in Whim Creek Consolidated Mines N.L. in consideration for the issue to Northfield of 500,000 common shares of Westfield. These shares were allotted in January, 1968.

4. Expenses including charges to exploration expenditures for the year include salaries and consulting fees paid to directors of the company in the amount of \$41,478.

5. The balances of exploration expenditures carried forward as at December 31, 1967 represent the costs incurred to that date that have been deferred — they are not intended to reflect present or future values.



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